

THE I/FAX



ADMINISTERED BY ILLINOIS STATE TREASURER ALEXI GIANNOULIAS

Contact us at www.illinoisfunds.com or 1-800-346-7414

AUGUST 2008

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Yesterday's Rates 8/13/08

Money Market Fund

2.052%

Prime Fund

2.127%

Public Investors' Fall Financial Symposium

September 17 & 18

The 2008 Public Investors' Fall Financial Symposium is just around the corner. Join us on Wednesday, September 17 and Thursday, September 18 at the Doubletree Chicago Arlington Heights, located at 75 W. Algonquin Road in Arlington Heights.

The symposium targets individuals who are new to the field, as well as those professionals who want to learn about the latest trends in public finance. The Illinois Municipal Treasurers Association and Township Officials of Illinois are offering continuing education credits to those who complete the program. Also, the Certified County Officials program will offer credits for qualifying sessions.

For more information, please call The Illinois Funds at (800) 346-7414.

MARKET PERSPECTIVE

By Mark Polistina

All systems hold, Take Two! Once again the Federal Reserve Open Market Committee, FOMC, left overnight rates unchanged at its August 5th meeting. This time the committee's policy statement reiterated their outlook that inflation is increasing; but, countered with the view that downside risks remain. This statement cements the view that rates will remain unchanged for the near future. The fine line the Fed is walking is flanked by an ever-increasing commodity driven inflation forecast and the continued weakness of the financial markets.

Commodity prices remain at levels well above historical norms. As we discussed last month short-term price spikes can be absorbed without broader impact. Unfortunately we are approaching eight or more months of above normal prices and this can no longer be considered a short term. Anecdotal reports show that increased price inflation from these inputs on business has begun to creep into the broader economy.

The ongoing saga of the financial markets has reached the doorsteps of Fannie Mae and Freddie Mac. It seems that the issues surrounding the current real-estate market delinquencies are beginning to spread beyond the sub-prime mortgages into the prime mortgages. This further compounds the market jitters from the weakness in the financial and banking industries. Implications of a credit market turn-around may be premature.

Mark Polistina is the Portfolio Manager for the Illinois Funds.

Labor Day Schedule

The Illinois Funds will close early on Friday, August 29 and will be closed on Monday, September 1 for Labor Day.

All early closes will occur at 12:00 noon. If you have any questions about inbound or outbound wire transfers on August 29, please call U.S. Bank at (800) 947-8479.



Safety, Liquidity and Yield



Illinois Funds yields for the period ending 7/31/08

Money Market Fund (Daily Liquidity)

Prime Fund (7-day Liquidity) after 30-day minimum term

| | | | |
|---|---------|---|---------|
| Net Portfolio Assets (in millions) | \$4,737 | Net Portfolio Assets (in millions) | \$1,827 |
| Monthly Investment Earnings (in 1000's) | \$8,699 | Monthly Investment Earnings (in 1000's) | \$3,560 |
| 7 Day Yield* | 2.13% | 7 Day Yield* | 2.22% |
| One Month Yield* | 2.06% | One Month Yield* | 2.19% |
| Net Asset Value (per share) | \$1.00 | Net Asset Value (per share) | \$1.00 |
| Weighted Average Maturity | 24 | Weighted Average Maturity | 29 |
| *Yield Net of Fees | | *Yield Net of Fees | |

Monthly Public Sector Rate Comparison

| | | | |
|-----------------------------------|-------|---------------------------------------|-------|
| The Illinois Funds, MMF | 2.06% | The Illinois Funds, Prime | 2.19% |
| S&P Govt Inv Pool-Govt Fund Index | 2.08% | S&P Govt Inv Pool-Taxable Funds Index | 2.37% |
| IL School Dist Liquid Asset | 2.30% | IL School Dist Liquid Asset Max | 2.39% |
| 3 Month Treasury Bill | 1.64% | 3 Month Treasury Bill | 1.64% |
| 6 Month Treasury Bill | 1.96% | 6 Month Treasury Bill | 1.96% |

Monthly Private Sector Rate Comparison

| | | | |
|----------------------------------|-------|--------------------------------|-------|
| The Illinois Funds, MMF | 2.06% | The Illinois Funds, Prime | 2.19% |
| IMoneynet™ - Govt. Institutional | 1.72% | Federated Govt Obligations | 2.15% |
| Fidelity - 695 Treas Fund | 1.85% | Fidelity - 57 Govt Fund | 2.19% |
| Goldman Fin Sq Treas Fund - 468 | 1.85% | Goldman Fin Sq Govt Fund - 465 | 2.28% |
| 30 Day Time Deposit | 1.96% | 90 Day Time Deposit | 2.75% |

FUND COMPOSITIONS

Money Market Fund

73.4% - Repurchase Agreements
4.7% - Money Market Funds
3.0% - Certificates of Deposit
0.0% - Treasury Bills
18.9% - U.S. Government Agencies

Prime Fund

52.0% - Repurchase Agreements
1.6% - Certificates of Deposit
18.9% - US Government Agencies
0.4% - Money Market Funds
27.1% - Commercial Paper

E-Pay Account Rate

2.052% 8/13/08

1-866-831-5240

www.illinoisepay.com

Rapid Revenue Acct. Rate

2.052% 8/13/08

1-800-346-7414

Visit our website at www.illinoisfunds.com for further information.